



May 26, 2004

Ms. Mimi Chang
Chief Financial Officer
Stanford Linear Accelerator Center
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**SUPPORT COST BY FUNCTIONAL ACTIVITY REPORT (SCFAR) PEER REVIEW
FY2003- STANFORD LINEAR ACCELERATOR CENTER**

Dear Ms. Chang:

The SCFAR Peer Review Team has reviewed the Support Cost by Functional Activity Report of the Stanford Linear Accelerator Center (SLAC). The purpose of our review was to determine that the data reported by SLAC complied with the guidelines and definitions issued by the United States Department of Energy (DOE) and to fulfill a DOE requirement to have all of the reporting sites independently reviewed on a periodic basis.

SLAC FY2003 Support Cost by Functional Activity Report Process

A charge number is created in the financial system for every activity to capture cost during the year. A SCFAR category is assigned to each charge number. To develop the SCFAR, cost by charge number is extracted from the Analytical Reporting Facility of the Site's Business Information System (BIS) and mapped to SCFAR accordingly.

The recommendations made during the review of the Site's FY1999 report (January 27, 2000) have been implemented.

Recommendations during the FY2003 Peer Review

1. Procurement contains \$310K in shipping & receiving cost.

Team Recommendation: Re-categorize cost to Logistics.

Site Response: SLAC agrees.

2. Laboratory/Tech support cost related to the Site's machine/fabrication shops are currently reported in various SCFAR categories.

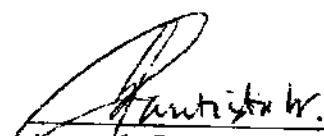
Team Recommendation: The team recommends that SLAC evaluate the feasibility of extracting the cost related to the management and administration of the shops and assign cost to appropriate support categories.

Site Response: SLAC will evaluate the recommendation. However, since the management and administration of the shops are relatively small, and the shop management are typically quite involved with the program, the costs are not expected to be material.


Accuracy Assessment

The Peer Review Team has concluded that SLAC has met the intent of the SCFAR guideline and definitions and has achieved the accuracy requirement.

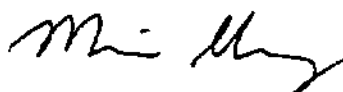
We would like to thank Mr. Evan Economos, Mr. Bob Strohecker and Ms. Mimi Chang for their help and support.


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